

## **Program A: Tax Collection**

Program Authorization: Title 49, Chapter 1 of the La. Revised Statutes

### **PROGRAM DESCRIPTION**

The mission of the Tax Collection Program in the Office of Revenue is to administer efficiently the state's tax and regulatory statutes in a manner that will generate the highest degree of public confidence in the department's integrity and fairness. The need for fair and equitable administration of the state's tax laws is essential. Uniform enforcement encourages taxpayers to pay their fair share and prevents an undue burden from being placed on the honest taxpayer. In addition, the presence of an effective and visible enforcement program results in a higher level of voluntary compliance.

The goals of the Tax Collection Program are:

1. To promote greater voluntary compliance with tax laws.
2. To improve the quality and responsiveness of tax-related research and information produced by the department.

The Tax Collection Program includes the following major activities:

- Return and remittance processing: This activity comprises the various means by which the department receives tax returns and payments, deposits payments, and records the information contained in the returns. The department is increasingly automating this activity using technologies such as electronic filing, document imaging, optical character recognition, and electronic funds transfer in an effort to improve accuracy and efficiency.
- Delinquency collections: This activity consists of enforcement efforts designed to encourage and compel delinquent taxpayers to pay any taxes owed to the state. The measures employed by the department include billing notices, warrants for distraint, levies and liens, depending on the degree of delinquency and the cooperativeness of the taxpayer.
- Audits: This activity consists of both desk audits and more in-depth field audits of typically corporate taxpayers. The primary purposes of the audits are to identify potential underpayment of taxes by major taxpayers and to provide a deterrent to all taxpayers against future underpayment, thereby promoting greater voluntary compliance.
- Dispute resolution: This activity comprises the efforts by the department's legal and audit staff to resolve tax disputes with taxpayers in a fair and consistent manner through various means including litigation, arbitration, and settlements.
- Public education and outreach: This activity comprises the department's efforts to promote greater awareness and understanding of the tax laws, and to provide better quality customer service. Among other things, the department provides tax seminars, policy opinions, and printed and computer-searchable publications to taxpayers.
- Management and finance: This activity consists of the various administrative and support services functions required to maintain the department's operations, including fiscal services, human resource management, facility maintenance, purchasing, internal audit, and information services.

### **OBJECTIVES AND PERFORMANCE INDICATORS**

Unless otherwise indicated, all objectives are to be accomplished during or by the end of FY 2001-2002. Performance indicators are made up of two parts: name and value. The indicator name describes what is being measured. The indicator value is the numeric value or level achieved within a given measurement period. For budgeting purposes, performance indicator values are shown for the prior fiscal year, the current fiscal year, and alternative funding scenarios (continuation budget level and Executive Budget recommendation level) for the ensuing fiscal year (the fiscal year of the budget document).

1. (KEY) To ensure that all of the operational objectives of the department will be achieved.

Strategic Link: This operational objective is not linked to the agency's current strategic plan. The Department of Revenue will complete revisions to its strategic plan in the beginning of FY 2001-2002.

Louisiana: Vision 2020 Link: Not applicable

Children's Cabinet Link: Not applicable

Other Link(s): Not applicable

Explanatory Note: This operational objective is part of a voluntary pilot project to identify performance information for administrative and support services.

L E V E L	PERFORMANCE INDICATOR NAME	PERFORMANCE INDICATOR VALUES					
		YEAREND PERFORMANCE STANDARD FY 1999-2000	ACTUAL YEAREND PERFORMANCE FY 1999-2000	ACT 11 PERFORMANCE STANDARD FY 2000-2001	EXISTING PERFORMANCE STANDARD FY 2000-2001	AT CONTINUATION BUDGET LEVEL FY 2001-2002	AT RECOMMENDED BUDGET LEVEL FY 2001-2002
K	Percentage of department operational objectives achieved <sup>1</sup>	100%	75%	100%	100%	100%	100%
S	Number of objectives not accomplished due to insufficient support services	0	2	0	0	0	0
K	Number of reportable audit findings	0	7	2	0	0	0

<sup>1</sup> Calculation methodology for this performance indicator is as follows: The department measures the performance indicators under each objective and determines whether sufficient progress has been made to consider the objective accomplished for the fiscal year.

**GENERAL PERFORMANCE INFORMATION: ADMINISTRATION**

<b>PERFORMANCE INDICATOR</b>	<b>PRIOR YEAR ACTUAL FY 1995-96</b>	<b>PRIOR YEAR ACTUAL FY 1996-97</b>	<b>PRIOR YEAR ACTUAL FY 1997-98</b>	<b>PRIOR YEAR ACTUAL FY 1998-99</b>	<b>PRIOR YEAR ACTUAL FY 1999-00</b>
Total value of assets managed (fixed and movable)	Not available	Not available	Not available	\$25,779,000	\$23,184,428
Number of personnel in agency per support services person (FTE basis)	Not available	Not available	Not available	6.5	6.5

2. (KEY) To increase voluntary compliance with the tax laws by 1%.

Strategic Link: This operational objective is a step toward accomplishment of the department's Strategic Objective: *Increase voluntary compliance with the tax laws by 4% by 2003*. Operationally, the department seeks to improve voluntary compliance by 1% each year for a four-year period. The beginning point is the performance level established for FY 1999-2000. The department indicates that, considering the high level of voluntary compliance that the state currently enjoys, this level of change represents a significant improvement.

Louisiana: Vision 2020 Link: Not applicable

Children's Cabinet Link: Not applicable

Other Link(s): Not applicable

Explanatory Note: The department views voluntary compliance as an intangible concept, but a central and crucial one involved in determining the performance of the department. Although the department targets an increase in voluntary compliance, it does not attempt to quantify voluntary compliance or change in voluntary compliance in an indicator. The department indicates that:

The determination as to whether or not voluntary compliance has increased by 1% is difficult because there is no agreed upon, accurate method of calculating voluntary compliance. It is impossible to measure "voluntary-ness" since "voluntary-ness" is a taxpayer behavior and therefore an unknown event that contributes to filing or nonfiling. Compliance is a multi-faceted component. It is made up of complying with tax laws, filing accurate and timely returns, following instructions, remitting the correct amount of tax in a timely manner, and so forth. Because of the complexities involved with "voluntary" and "compliance," there can be no indicator such as "voluntary compliance rate."

The indicators shown under this objective all contribute to this determination of voluntary compliance. In other words, all of the indicators are proxies for voluntary compliance. If the performance levels established for the indicators are met, then it is likely that voluntary compliance has increased. It is the department's firm belief that voluntary compliance should remain its stated objective since the various elements that constitute voluntary compliance are meaningful, tightly interconnected, and cannot stand alone and still maintain a true meaning.

Most states throughout the country use "voluntary compliance" as a means of measuring their performance. To ensure that all states are determining "voluntary compliance" consistently, the Federation of Tax Administrators is attempting to develop a standard set of performance indicators for use by all tax agencies. This standard set of indicators should ensure accurate comparability with other taxing agencies. A timetable has not been established for the completion of this task. However, it seems likely that many of the indicators currently tracked by the department will be included in the standards.

L E V E L	PERFORMANCE INDICATOR NAME	PERFORMANCE INDICATOR VALUES					
		YEAREND PERFORMANCE STANDARD FY 1999-2000	ACTUAL YEAREND PERFORMANCE FY 1999-2000	ACT 11 PERFORMANCE STANDARD FY 2000-2001	EXISTING PERFORMANCE STANDARD FY 2000-2001	AT CONTINUATION BUDGET LEVEL FY 2001-2002	AT RECOMMENDED BUDGET LEVEL FY 2001-2002
S	Average number of days of training per employee per year	1	3.5	6 <sup>1</sup>	6 <sup>1</sup>	6	4
S	Total number of returns filed	3,900,000	3,281,363	3,800,000 <sup>2</sup>	3,800,000 <sup>2</sup>	3,600,000	3,600,000
K	Percentage of total returns scanned	80.0%	59.7% <sup>3</sup>	92.4% <sup>3</sup>	92.4% <sup>3</sup>	89.0%	89.0%
S	Number of income tax returns filed electronically	320,000	434,147	375,000 <sup>4</sup>	375,000 <sup>4</sup>	475,000	475,000

S	Number of Electronic Funds Transfer (EFT) accounts <sup>5</sup>	6,300	19,789	11,000 <sup>6</sup>	11,000 <sup>6</sup>	21,000	21,000
S	Number of EFT payments	40,000	122,554	72,000 <sup>7</sup>	72,000 <sup>7</sup>	135,000	135,000
S	Total EFT payments transferred (in millions)	\$3,240	\$3,322.5	\$3,100	\$3,100	\$3,300	\$3,300
K	Percentage of total collected from business taxpayers that is deposited electronically	66.0%	67.4%	62% <sup>8</sup>	62% <sup>8</sup>	66.0%	66%
K	Percentage of total revenue collected that is deposited within 24 hours of receipt	62.0%	69.8%	71.5%	71.5%	71.5%	71.5%
K	Average tax return processing time (in days)	9	10.7	7	7	7	7
K	Return on investment of voluntary compliance (total voluntary collections per dollar spent on nonenforcement efforts)	\$205	\$271	\$205 <sup>9</sup>	\$205 <sup>9</sup>	\$271	\$271
K	Percentage of error-free or undisputed individual income tax returns	90%	91.1%	90%	90%	90%	90.0%
K	Percentage of error-free or undisputed sales tax returns	95%	95.1%	96.0%	96.0%	96.0%	96.0%
S	Percentage of taxpayer correspondence answered within 30 days prior to established deadline	90%	93.2%	90%	90%	80% <sup>10</sup>	80.0%
K	Number of taxes converted to the new integrated tax system <sup>11</sup>	Not applicable <sup>11</sup>	Not applicable <sup>11</sup>	Not applicable <sup>11</sup>	Not applicable <sup>11</sup>	12 <sup>11</sup>	11

<sup>1</sup> Although the performance standard for this indicator is 6, the department indicates in its FY 2000-2001 First Quarter Performance Progress Report that a more likely yearend figure is 3.15.

<sup>2</sup> Although the performance standard for this indicator is 3,800,000, the department indicates in its FY 2000-2001 First Quarter Performance Progress Report that a more likely yearend figure is 3,600,000.

<sup>3</sup> Due to more electronic filers, a reduction in billing notices sent, and a backlog of individual income tax returns, the FY 1999-2000 actual is significantly lower than the FY 1999-2000 performance standard. Although the performance standard for this indicator is 92.4%, the department projects a yearend target of 89% in its FY 2000-2001 First Quarter Performance Progress Report.

<sup>4</sup> Although the performance standard for this indicator is 375,000, the department indicates in its FY 2000-2001 First Quarter Performance Progress Report that a more likely yearend figure is 475,000.

- <sup>5</sup> Electronic Funds Transfer (EFT) became effective October 1, 1993. In FY 1999-2000 increases in the numbers of EFT accounts and payments occurred. This increase was due to two major changes: (1) the state tax statute was amended to require payroll service companies to electronically transmit the payments for all their clients; and (2) the federal government has begun mandating EFT and some of these taxpayers have voluntarily registered with the State of Louisiana. These changes drastically increased the number of EFT accounts and the number of EFT payments but not the total amount collected. Most of these taxpayers have very small tax liabilities that will not create a significant increase in the amount collected.
- <sup>6</sup> Although the performance standard for this indicator is 11,000, the department indicates in its FY 2000-2001 First Quarter Performance Progress Report that a more likely yearend figure is 21,000.
- <sup>7</sup> Although the performance standard for this indicator is 72,000, the department indicates in its FY 2000-2001 First Quarter Performance Progress Report that a more likely yearend figure is 135,000.
- <sup>8</sup> Although the performance standard for this indicator is 62.0%, the department indicates in its FY 2000-2001 First Quarter Performance Progress Report that a more likely yearend figure is 66%.
- <sup>9</sup> Although the performance standard for this indicator is \$205, the department indicates in its FY 2000-2001 First Quarter Performance Progress Report that a more likely yearend figure is \$255.
- <sup>10</sup> The decrease in the percentage of taxpayer correspondence answered within 30 days is due to the Department's reduction in staff.
- <sup>11</sup> This new indicator is needed to continue to measure the Department of Revenue's performance in developing the integrated tax system during FY 2001-2002. It replaces the indicator labeled "Total number of tax processes converted to the new integrated tax system." The department projects that the integrated tax system will be completely developed during FY 2000-2001. These processes comprise the necessary functions of the new tax system. During FY 2001-2002, the different 'tax types' will be implemented into the new system using the processes' developed in FY 2000-2001; no new processes will be developed since the functions will remain the same for all taxes. Therefore, in FY 2001-2002, the appropriate measurement of the process on the project will be the number of taxes using these new processes -- not the processes themselves. Because the indicator is new, no performance standards exist for FY 1999-2000 and FY 2000-2001. No FY 1999-2000 actual figure is provided because this second phase does not begin until FY 2001-2002. The taxes projected to be converted at continuation level are 12 specific Corporate Income and Franchise, Sales and Severance Taxes.

**GENERAL PERFORMANCE INFORMATION: TAX COLLECTION AND VOLUNTARY COMPLIANCE**

<b>PERFORMANCE INDICATOR</b>	<b>PRIOR YEAR ACTUAL FY 1995-96</b>	<b>PRIOR YEAR ACTUAL FY 1996-97</b>	<b>PRIOR YEAR ACTUAL FY 1997-98</b>	<b>PRIOR YEAR ACTUAL FY 1998-99</b>	<b>PRIOR YEAR ACTUAL FY 1999-00</b>
Average number of days of training per employee per year	2	2	5	5	3.52
Total number of returns filed	3,595,200	3,535,000	3,821,500	3,709,042	3,281,363
Number of documents/returns scanned	2,741,000	2,696,000	2,955,300	2,923,600	2,279,831
Percentage of total returns scanned	76.2%	76.5%	77.3%	78.8%	59.7%
Number of income tax returns filed electronically	136,280	214,200	292,645	288,417	434,147
Number of Electronic Funds Transfer (EFT) accounts	2,150	3,036	6,085	7,926	19,789
Number of EFT payments	17,500	22,400	38,203	64,072	122,554
Total EFT payments transferred (in millions)	\$2,340	\$2,650	\$2,719	\$2,943	\$3,322.5
Percentage of total collected from business taxpayers that is deposited electronically	48.4%	54.8%	56.1%	61.7%	67.4%
Percentage of total revenue collected that is deposited within 24 hours of receipt	Not available	62.0%	69.0%	70.1%	69.8%
Return on investment of voluntary compliance (total voluntary collections per dollar spent on nonenforcements efforts)	\$345	\$340	\$305	\$239	\$271
Percentage of taxpayer correspondence answered within 30 days prior to established deadline	Not available	84.0%	83.0%	88.9%	93.2%
Number of tax clearances	13,100	13,950	14,495	26,613	14,751
Total collections (in millions)	\$4,770.80	\$5,123.8	\$5,154.3	\$5,253.5	\$5,416.9
Cost per \$100 of revenue collected	\$1.03	\$1.05	\$1.11	\$1.08	\$1.05

3. (KEY) To increase the cost of noncompliance for taxpayers through improved enforcement of tax laws in order to reduce intentional noncompliance by 2%.

Strategic Link: This objective is a step toward the accomplishment of the department's Strategic Objective: *Increase the cost of noncompliance for taxpayers through improved enforcement of tax laws in order to reduce noncompliance by 10% by 2003*. It is the department's intention to reduce noncompliance by 2% each year over a four- year period.

Louisiana: Vision 2020 Link: Not applicable

Children's Cabinet Link: Not applicable

Other Link(s): Not applicable

Explanatory Note: The department indicates that, as described in Objective 1, the measurement of compliance is difficult, if not impossible. The same is true for noncompliance. The reason for this difficulty in measuring noncompliance is that, similar to compliance, noncompliance is made up of several components. The leading factor is taxpayer behavior. Indicators shown under this objective all contribute to this determination of intentional noncompliance. The performance indicators are all proxies for noncompliance and collectively measure noncompliance. Because of the multiple components, there is no singular measurement or indicator that can be called "taxpayer intentional noncompliance rate." However, the department firmly believes that reduction in "intentional noncompliance" should remain its stated objective, since the components shown as indicators are directly related and indirectly measure noncompliance.

L E V E L	PERFORMANCE INDICATOR NAME	PERFORMANCE INDICATOR VALUES					
		YEAREND PERFORMANCE STANDARD	ACTUAL YEAREND PERFORMANCE	ACT 11 PERFORMANCE STANDARD	EXISTING PERFORMANCE STANDARD	AT CONTINUATION BUDGET LEVEL	AT RECOMMENDED BUDGET LEVEL
		FY 1999-2000	FY 1999-2000	FY 2000-2001	FY 2000-2001	FY 2001-2002	FY 2001-2002
S	Number of businesses registered that are covered by the field audit program	258,000	258,000	240,000	240,000	240,000	240,000
S	Number of field audits conducted <sup>1</sup>	2,000	2,121	1,800	1,800	1,800	1,478
K	Percentage of in-state business accounts audited	0.65%	0.37%	0.65%	0.65%	0.65%	0.27%
K	Percentage of out-of-state business accounts audited	1.20%	1.21%	1.20%	1.20%	1.20%	1.20%
S	Total field audit coverage (percentage of all business accounts audited)	0.60%	0.48%	0.60%	0.60%	0.60%	0.40%
K	Total field audit collections	\$61,800,000	\$96,312,279 <sup>2</sup>	\$61,800,000	\$61,800,000	\$61,800,000	53,930,233
K	Field audit collections as a percentage of audit findings <sup>3</sup>	50.0%	40.1%	50%	50%	50%	50%
S	Percentage of field audits generating less than \$5,000 in audit findings <sup>4</sup>	70.0%	71.37%	70.0%	70.0%	70.0%	70.0%
S	Field audit collections per field auditor positions <sup>5</sup>	482,800	\$837,498	\$482,800	\$482,800	\$482,800	\$499,354



K	Number of new audit cases received	2,000	2,248	1,900	1,900	1,900	1,600
K	Number of audit cases closed <sup>6</sup>	3,000	2,188	2,200	2,200	2,200	1,600
K	Return on investment of enforcement (total involuntary collections per dollar spent on enforcement efforts)	\$7.20	\$6.71	\$7.20 <sup>7</sup>	\$7.20 <sup>7</sup>	\$5.71 <sup>7</sup>	\$5.71
S	Total audit collections - in-house audit staff	\$19,200,000	\$21,632,548	\$11,000,000 <sup>8</sup>	\$11,000,000 <sup>8</sup>	\$21,000,000	\$21,000,000
K	Number of delinquent/warrant for distraint assignments	270,000	281,825	281,000	281,000	250,000	250,000
K	Number of lien actions	11,000	10,960	11,500	11,500	11,500	11,500
K	Number of levy actions	82,000	77,620	103,000 <sup>9</sup>	103,000 <sup>9</sup>	78,000	78,000
K	Percentage of individual income taxpayers who fail to file a tax return	4.6%	5.0%	4.4%	4.4%	4.4%	4.4%
K	Percentage of sales taxpayers who fail to file a tax return	11.5%	11.5%	15.0% <sup>10</sup>	15.0% <sup>10</sup>	11.5%	11.5%

<sup>1</sup> Withholding examinations are no longer counted as completed audits.

<sup>2</sup> According to the department's FY 1999-2000 Fourth Quarter Performance Progress Report, large audit payments are usually received on an irregular basis. During FY 1999-2000 more of the large audits were collected than normal. Several large audits that had been tied up in court were also collected.

<sup>3</sup> Audit findings are the amounts determined to be due by auditors and submitted to Audit Review for assessment. These amounts are subject to reduction by Audit Review before being assessed if errors are found, but normally assessed as is. The assessments may then be reduced based on additional information from the taxpayer or based on decisions by the Board of Tax Appeals or courts. Collections can also be affected by policy changes by the secretary or legislative changes that are beyond the control of the department.

<sup>4</sup> The percentage of audits generating less than \$5,000 is affected by the quality of the audits selected. However, it also indicates the department's emphasis on collections or taxpayer compliance. Auditing mostly large corporations will produce fewer audits but larger assessments for each audit. Auditing smaller taxpayers to encourage compliance will produce more audits but smaller deficiencies on each audit. The department normally tries to balance the need for taxpayer compliance with the need to collect additional taxes owed to the state.

<sup>5</sup> This performance indicator attempts to show the impact of each field auditor position. It is difficult to measure the impact of an individual auditor or auditor position because auditors often work in teams, some audits occur over more than one fiscal year and collections related to a particular audit may be received in a different fiscal year than the one in which the audit was actually conducted. The Department of Revenue is working on the development of a more accurate way to measure the impact (cost/benefit) of an auditor position.

<sup>6</sup> This indicator was erroneously titled "Number of new audit cases closed" in FY 1999-2000 budget materials as well as in the Louisiana Performance Accountability System. The indicator actually reports all audit cases closed during a fiscal year, regardless of the fiscal year in which the case was received.

<sup>7</sup> Although the performance standard for this indicator is \$7.20, the department indicates in its First Quarter Performance Progress Report for FY 1999-2000 that a more likely yearend figure is \$5.14. This reduction is due to the Department's collection efforts on several large audits during FY 1999-2000.

<sup>8</sup> Although the performance standard for this indicator is \$11,000,000, the department indicates in its First Quarter Performance Progress Report for FY 1999-2000 that a more likely yearend figure is \$21,000,000.

<sup>9</sup> Although the performance standard for this indicator is 103,000, the department indicates in its First Quarter Performance Progress Report for FY 1999-2000 that a more likely yearend figure is 77,000..

<sup>10</sup> Although the performance standard for this indicator is 15.0%, the department indicates in its First Quarter Performance Progress Report for FY 1999-2000 that a more likely yearend figure is 11.5%.

GENERAL PERFORMANCE INFORMATION: TAX COLLECTION AND ENFORCEMENT OF TAX LAWS					
PERFORMANCE INDICATOR	PRIOR YEAR ACTUAL FY 1995-96	PRIOR YEAR ACTUAL FY 1996-97	PRIOR YEAR ACTUAL FY 1997-98	PRIOR YEAR ACTUAL FY 1998-99	PRIOR YEAR ACTUAL FY 1999-00
Number of businesses registered that are covered by the field audit program	275,000	265,000	256,091	238,939	258,000
Number of field audits conducted	2,752	3,263	2,332	2,024	2,121
Percentage of in-state business accounts audited	0.90%	1.03%	0.42%	0.34%	0.37%
Percentage of out-of-state business accounts audited	1.43%	2.00%	1.19%	1.24%	1.21%
Total field audit coverage (percentage of all business accounts audited)	0.87%	0.98%	0.52%	0.46%	0.48%
Total field audit collections	\$78,086,000	\$67,284,000	\$71,108,992	\$63,931,941	\$96,312,279
Field audit collections as a percentage of audit findings	58.8%	31.6%	30.6%	40.6%	40.1%
Percentage of field audits generating less than \$5,000 in audit findings	80.7%	75.4%	70.1%	71.2%	71.37%
Field audit collections per field auditor position	\$679,000	\$525,700	\$587,678	\$524,032	\$837,498
Return on investment of enforcement (total involuntary collections per dollar spent on enforcement efforts)	\$6.41	\$6.53	\$5.82	\$5.95	\$6.71
Total audit collections - in-house audit staff	\$22,578,000	\$29,987,300	\$24,054,352	\$23,604,450	\$21,632,548
Number of delinquent/warrant for distraint assignments	164,307	216,577	274,139	280,953	281,825
Number of lien actions	15,612	10,760	10,122	10,173	10,960
Number of levy actions	Not available	77,699	76,880	102,677	77,620

## RESOURCE ALLOCATION FOR THE PROGRAM

	ACTUAL 1999 - 2000	ACT 11 2000 - 2001	EXISTING 2000 - 2001	CONTINUATION 2001 - 2002	RECOMMENDED 2001 - 2002	RECOMMENDED OVER/(UNDER) EXISTING
MEANS OF FINANCING:						
STATE GENERAL FUND (Direct)	\$29,686,446	\$14,469,627	\$14,469,627	\$25,926,427	\$23,161,242	\$8,691,615
STATE GENERAL FUND BY:						
Interagency Transfers	0	99,810	99,810	133,146	133,146	33,336
Fees & Self-gen. Revenues	33,701,932	51,125,630	52,409,785	37,335,762	40,137,774	(12,272,011)
Statutory Dedications	50,000	50,000	50,000	50,000	50,000	0
Interim Emergency Board	0	0	0	0	0	0
FEDERAL FUNDS	25,000	50,000	50,000	50,000	50,000	0
TOTAL MEANS OF FINANCING	<b>\$63,463,378</b>	<b>\$65,795,067</b>	<b>\$67,079,222</b>	<b>\$63,495,335</b>	<b>\$63,532,162</b>	<b>(\$3,547,060)</b>
EXPENDITURES & REQUEST:						
Salaries	\$31,226,299	\$30,124,049	\$30,174,051	\$30,891,151	\$31,658,375	\$1,484,324
Other Compensation	2,047,484	1,741,727	1,741,727	1,678,048	1,678,048	(63,679)
Related Benefits	5,935,370	5,592,688	5,592,686	5,685,909	5,785,648	192,962
Total Operating Expenses	13,697,826	13,478,222	16,481,806	16,862,788	16,699,807	218,001
Professional Services	1,007,119	299,138	699,138	699,138	699,138	0
Total Other Charges	6,754,123	14,403,177	10,953,177	5,271,845	6,032,312	(4,920,865)
Total Acq. & Major Repairs	2,795,157	156,066	1,436,637	2,406,456	978,834	(457,803)
TOTAL EXPENDITURES AND REQUEST	<b>\$63,463,378</b>	<b>\$65,795,067</b>	<b>\$67,079,222</b>	<b>\$63,495,335</b>	<b>\$63,532,162</b>	<b>(\$3,547,060)</b>
AUTHORIZED FULL-TIME EQUIVALENTS: Classified	903	875	875	875	875	0
Unclassified	8	8	8	8	8	0
TOTAL	<b>911</b>	<b>883</b>	<b>883</b>	<b>883</b>	<b>883</b>	<b>0</b>

## SOURCE OF FUNDING

The sources of funding for this program include State General Fund Direct, Self-generated Revenues, Interagency Transfers, Statutory Dedications and Federal Funds. The Office of Revenue's Self-generated Revenues are derived from collection services for the New Orleans Exhibition Hall, other collection fees, late payment audit fees, and audit fees. Interagency Transfers are from the Department of Natural Resources for rent expense in the Houston and Dallas regional offices that are shared between the Departments. The Statutory Dedication is

the Refund Offset Fund. (Per R.S. 39:32B.(8), see table below for a listing of expenditures out of each Statutory Dedicated fund.) The Federal Funds are used to enforce the Federal Motor Carriers Act and the International Fuel Tax Agreement.

	ACTUAL 1999 - 2000	ACT 11 2000 - 2001	EXISTING 2000 - 2001	CONTINUATION 2001 - 2002	RECOMMENDED 2001 - 2002	RECOMMENDED OVER/(UNDER) EXISTING
Refund Offset Fund	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$0

## ANALYSIS OF RECOMMENDATION

GENERAL FUND	TOTAL	T.O.	DESCRIPTION
<b>\$14,469,627</b>	<b>\$65,795,067</b>	<b>883</b>	<b>ACT 11 FISCAL YEAR 2000-2001</b>
			<b>BA-7 TRANSACTIONS:</b>
\$0	\$1,284,155	0	Carry forward BA-7 for Tax Return Remittance Project for purchase orders that were not received prior to July 1, 2001
<b>\$14,469,627</b>	<b>\$67,079,222</b>	<b>883</b>	<b>EXISTING OPERATING BUDGET – December 15, 2000</b>
\$0	\$437,162	0	Annualization of FY 2000-2001 Classified State Employees Merit Increase
\$0	\$373,161	0	Classified State Employees Merit Increases for FY 2001-2002
\$0	(\$165,947)	0	Risk Management Adjustment
\$0	\$978,834	0	Acquisitions & Major Repairs
\$0	(\$1,436,637)	0	Non-Recurring Acquisitions & Major Repairs
\$0	(\$1,284,155)	0	Non-Recurring Carry Forwards
\$0	\$1,734	0	Legislative Auditor Fees
\$1,139,991	\$1,139,991	0	Rent in State-Owned Buildings
\$9,252	\$9,252	0	Maintenance of State-Owned Buildings
\$0	(\$6,494)	0	UPS Fees
\$0	\$1,597,044	0	Salary Base Adjustment
\$0	(\$730,081)	0	Attrition Adjustment
\$0	(\$1,484,324)	0	Salary Funding from Other Line Items
(\$11,460)	(\$11,460)	0	Civil Service Fees
\$0	\$132,393	0	State Treasury Fees
\$0	\$95,287	0	Funding provided for increase in office rent in the Dallas and Houston regional offices
(\$708,879)	(\$5,183,879)	0	Partial reduction in funding for the Tax Reengineering and Tax Remittance System for contracts that have been completed
\$0	\$1,873	0	Funding provided for maintenance of the opex mail sorter

\$0	\$22,600	0	Funding provided for the maintenance of scan optics equipment
\$0	\$706,660	0	Funding provided for the increase in postage for mail
\$0	\$4,000	0	Funding provided for Lockheed Martin contract for the tax processing system for the International Fuel Tax Agreement
\$0	(\$3,000,000)	0	Reducing expenditures to actual level of spending
\$1,162,711	\$1,162,711	0	IT cost for move to La Salle Building
\$0	\$1,447,418	0	Funding provided for convenience fees for taxpayers paying taxes by credit card
\$0	\$1,645,797	0	Funding provided for Tax Reengineering contract
\$7,100,000	\$0	0	Net Means Of Financing Substitutions - Replacing Fees and Self-generated Revenues with General Fund for operational support
<b>\$23,161,242</b>	<b>\$63,532,162</b>	<b>883</b>	<b>GRAND TOTAL RECOMMENDED</b>

## PROFESSIONAL SERVICES

\$400,000	Maintenance modifications to tax programs and software support
\$70,000	Consultant, report preparation, expert testimony
\$65,000	Tax advice, research and counsel on litigation cases, etc.
\$34,000	Media preparation and placement for major initiatives to inform the public on ways to file tax returns, check the status of refunds and unclaimed property
\$9,680	Conduct interviews with senior/middle management
\$1,058	Provide technical services to install workstations
\$10,000	Human resource and organization development
\$10,000	Consultation for HEAT for DOS and Windows
\$50,000	Legal assistance on personnel issues
\$49,400	Development of computer programs for on-line error resolution and to increase customer awareness
<b>\$699,138</b>	<b>TOTAL PROFESSIONAL SERVICES</b>

## OTHER CHARGES

\$3,861,383 On-going system re -engineering and technology modernization

**\$3,861,383 SUB-TOTAL OTHER CHARGES**

### Interagency Transfers:

\$118,324	Civil Service Fees
\$145,514	Legislative Auditor Expense
\$27,667	UPS Expenses
\$140,454	Maintenance of State-owned Buildings
\$1,242,004	Rent in State-owned Buildings
\$17,173	Division of Administration - Office of Information Services computer line usage

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\$900	Division of Administration - Louisiana Public Finance Authority - LPFA interest
\$336,954	State Treasurer - banking fees
\$9,546	Comprehensive Public Training Program Expenses
\$132,393	State Treasurer fees

**\$2,170,929 SUB-TOTAL INTERAGENCY TRANSFERS**

**\$6,032,312 TOTAL OTHER CHARGES**

## **ACQUISITIONS AND MAJOR REPAIRS**

\$45,336	(1) Projector, (6) Paper Shredder, (1) Filing System, and (1) Microfilm Scanner
\$114,080	(31) Microfilm Readers
\$786,750	(1) Candler, (1) Character Recognition Software, (3) Envelope Openers, (2) Flatbed Scanners, (2) Joggers, (1) Opex mail sorter and opener, (1) Microfiche Reader/Printer, (1) Microfilm Processor, and (3) Servers
\$19,374	(1) Desktop Scanner, (1) Computer, (1) Software, and (1) Typewriter
\$13,294	(5) Fax machine and (1) ACD Telephone Equipment

**\$978,834 TOTAL ACQUISITIONS AND MAJOR REPAIRS**